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DISINVESTMENT IN SOUTH AFRICA

DISINVESTMENT IN SOUTH AFRICA; DOES AMERICA HAVE A STAKE IN APARTHEID?

THE scene was fitting: the Columbia University campus, where some of the angriest student protests of the 60's and 70's were waged. And if the fervor seemed fresh, the cause had stirred colleges, legislatures and, occasionally, boardrooms, for years - what to do about South Africa. Columbia, which decided in 1978 to sell investments in companies "which show indifference. . .to the prevailing repressive racial policies in South Africa," still has nearly \$33 million worth of stock in 26 companies doing business there, and more than 100 students and a smattering of faculty and staff members barricaded themselves in front of Hamilton Hall to demand that the holdings be sold. The school got a court order forbidding the demonstration, but lawyers for the protesters persuaded another judge to prohibit the university from calling in the police. Meanwhile, seven students ended a hunger strike after Dr. Michael I. Sovern, the Columbia president, agreed to convey their concern to a panel of trustees studying the question. A long list of universities, including Harvard, Yale, Antioch and Michigan State, have either fully or selectively "disinvested" in companies linked with South Africa. So have many jurisdictions, among them Philadelphia, the District of Columbia, Boston, New York City and State, Connecticut, Nebraska, Maryland and Massachusetts. But others say disinvestment - especially blanket disinvestment - is at best an ineffective weapon against apartheid and at worst is counterproductive. Richard Levine of The Week in Review discussed the issue last week with Roy Schotland, a professor at the Georgetown University Law Center, and Randall Robinson, executive director of Transafrica, the group that has been organizing demonstrations in front of the South African Embassy in Washington.

Excerpts follow.

U. S. COMPANIES PUSH FROM WITHIN

Roy Schotland

Question. How important is American investment in South Africa?

Answer. The investment is close to \$2.5 billion. We also have loans of around \$3.5 billion, and our investors are estimated to hold about \$8 billion of shares in South African companies. And we exported to South Africa in 1983 just over \$2 billion. That's about 60,000 jobs here - each billion dollars of exports supports about 28,000 jobs.

Q. What would happen if American companies stopped doing business there?

A. It would be felt in America negatively, but also negatively for what we are all concerned to bring about in South Africa. American companies have 70 percent of the computer market in South Africa. Those with the other 30 percent will be happy to pick up our 70 percent, to put it mildly. And if Ford and General Motors, which are among the most forward-looking in anti-apartheid action, were to pull out, the Japanese would just sell more cars in South Africa.

Q. It's been argued that disinvestment would hurt the people we want to help.

A. Whether or not it would hurt their economy, it would hurt those people. Ford, for example, is the first company to have black shop stewards. Kellogg is the first to negotiate with a black union. If those companies are replaced by companies that say, 'Our obligation is profit,' how does that advance the situation?

Q. What about the Sullivan Principles?

A. The progress of Sullivan Principles-type compliance has been sharply greater among the American companies than any other foreign companies. The principles were named for the Rev. Leon Sullivan, a Philadelphia civil rights leader who became a director of General Motors. Very early on, he said, 'What are we doing in South Africa?' But on visits he was persuaded by union people and black people that it isn't going to take anything forward to pull out. What would take it forward is to have better practices there, to have more education, training, promotions, health care, housing. He came back and got 12 companies, including G.M., Ford and Control Data, to sign a set of principles which today apply to three-quarters of U. S. company employees in South Africa. Ten of the biggest South African companies, with about a million employees, have been working towards the same goals.

Some say it's tokenism. Reverend Sullivan says we have got to keep upping the ante, we've got to keep requiring more, we've got to do it faster. But if you don't make distinctions between sharply different conduct, if you treat Kellogg, Ford and Control Data, with its massive educational program, the same as the companies that say, 'We make profits, go away,' that is immoral.

Q. But on a purely moral basis, doesn't any business involvement with South Africa lend legitimacy to apartheid?

A. The Speaker of the New Jersey Assembly is promoting a bill to what I call 'blunderbuss divest' - no (investment in any) company having anything to do in South Africa. It fails to make the distinctions that one must make, that Harvard and New York State make, between companies that are trying to accomplish what we all want in South Africa and companies that aren't.

The kids sitting in at Columbia are hypocritical. They want the university to stop doing anything in South Africa, but they won't stop driving an American or a Japanese car, they won't stop drinking Coke, they won't sit in at their family home until the family throws away - not sells, throws away - the gold and the diamonds.

Q. If not divestment, what?

A. I am not saying no divestment. I'm saying action which makes the moral distinctions, is effective and will not hurt the pension fund. Blunderbuss divestment is immoral, ineffective, not inexpensive and, if you're talking about state and local funds, also happens to be unconstitutional.

A FIGHT OVER MORE THAN LUNCHROOMS

Randall Robinson

Question. Wouldn't blacks in South Africa be hurt more than helped if American corporations pulled out?

Answer. If divestment hurt blacks more than the regime, the Government would not have made it an indictable offense to support it, nor would it have set up a special unit to combat divestment efforts in the United States and around the world. It's perfectly obvious to all who follow these issues that investment there is for the benefit of the whites and has little more than a trickle-down value to the black majority. There are only 70,000 or so jobs for South African blacks in American workplaces in South Africa, and fewer than 22,000 are in corporations that subscribe to the Sullivan Principles. The 70,000 jobs comprise less than 1 percent of the South African job force, so that American involvement in terms of job provision is negligible. When that is weighed against the tremendous benefit provided to the Government by these corporations, you see that it is not the blacks that would be hurt through withdrawal, it's the Government.

In recent months the Government has made clear that it is divestment that it fears most. It is one of the most important tools in the American arsenal. Failing the use of the leverage of economic sanctions and divestment, the Government will most certainly not come to the table and negotiate in good faith toward a constitution that would enfranchise the black majority and provide for a fair and democratic state.

Q. What about trying to persuade more corporations to honor the Sullivan Principles?

A. The principles are quite beside the point. The struggle in South Africa is not for better American conduct in the workplace. The struggle is for enfranchisement, the restoration of their birthright, the restoration of their land, a dismantlement of apartheid and full participation in a society that rightly belongs to all South Africa, on a one-person, one-vote basis. Our corporations underpin a regime that denies them that. It's important to understand that it is not for an open lunchroom that they're fighting. They're fighting for freedom, and American corporations are on the other side of the issue. To the extent that the Sullivan Principles provide a kind of life raft for corporations to continue to justify their presence there, the principles are more hurtful than helpful.

Q. To what extent has disinvestment caught on?

A. I think that many corporations faced with increasingly bad public relations in the United States, increasing pressures in South Africa and the promise of growing instability there are seriously rethinking their commitment to stay, so that the longterm investment has slowed to a trickle. And many of the corporations that are there are undertaking serious boardroom discussions on how to retreat if it comes to that.

The point that we want to make - and it's the central point - is that when you invest in a country, you invest on terms laid out by the host government. If American corporations could have any impact at all on the political relationships between blacks and whites, the white Government would not have those corporations there.

Some years ago when this question was put to the South African Ambassador in Washington, he said perhaps those corporations could have minimal social impact on the lives of blacks; but in terms of the configuration of power and the policies of apartheid they could have no impact at all.

Q. The disinvestment campaign seems focused on universities, state legislatures and city councils, but many Americans own stock in companies that do business in South Africa and buy products produced by those companies. What about personal disinvestment?

A. Every institution that has a pension fund has been invited to divest those funds from corporations investing in South Africa, and of course there is a lot of activity by labor unions, universities, cities, states and churches. But I think the influence of the anti-apartheid

movement has led individuals to rethink owning stocks in such companies as well. Investment funds have been started for institutions and individuals interested in stocks of companies that do socially constructive things and they don't purchase stocks in companies investing in South Africa. And we're finding that, as a response to the publicity, individuals concerned about apartheid are taking these actions by their own initiative.

Photo of Randall Robinson (NYT/George Tames); Photo of Roy Schotland (AP); Photo of Goodyear tire workers (Contact/Alon Reininger); Graph of U. S. direct investment in South Africa (U.S. Commerce Department)

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